7. Share capital

Titles in the Core Text series take the reader straight to the heart of the subject, providing focused, concise, and reliable guides for students at all levels. This chapter examines how company law governs maintenance of a company’s share capital, with emphasis on the distinction between private and public companies. It also discusses various ways in which shareholders might legally receive funds (‘distributions’) from the company, including issuance of shares and payment of shares in kind (that is, goods, property, or services rather than in cash). The relevance of the nominal value of shares issued to shareholders, the issue of paying dividends to shareholders, and disguised return of capital to shareholders are considered as well. The chapter also examines two other means of returning funds to shareholders, reduction of share capital and redemption or purchase by a company of its own shares, before concluding with an assessment of the prohibition and the exceptions concerning the issue of financial assistance for the acquisition of shares in a public company.